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PREPARED BY AND RETURN TO
Kris Kaitson
LASALLE BANK ILLINOIS
4747 W. DEMPSTER STREET
SKOKIE, ILLINOIS 60076

97518714

. DEPT-01 RECORDING \$43.00
. T#0012 TRAN 5989 07/18/97 11:45:00
. #1097 # CG *-97-518714
. COOK COUNTY RECORDER

LOAN MODIFICATION AGREEMENT

A00153847J

4300

This instrument is an Agreement among American National Bank and Trust Company of Chicago, successor Trustee to First Chicago Trust Company of Illinois, formerly known as First United Trust Company, as Trustee, under Trust Agreement dated February 13, 1989 and known as trust Number 10280 ("Mortgagor"); Liberty Fastener Company, an Illinois Corporation ("Borrower"); Lawrence Scharringhausen and Sharon Scharringhausen ("Beneficiary") Lawrence Scharringhausen ("Guarantor"); and LaSalle Bank Illinois, successor to Comerica Bank-Illinois, successor in interest by merger to Affiliated Bank, formerly known as Affiliated Bank/North Shore National ("Lender").

RECITALS

A. Mortgagor is the owner of the real estate described in Exhibit "A" hereto (the "Real Estate"). Beneficiary is the sole beneficiary of Mortgagor.

B. On February 21, 1989, Borrower executed and delivered to Lender its Promissory Grid Note ("Note") in the principal amount of \$60,000.00 as evidence a loan in that amount.

C. To secure payment of the Note, the following documents were executed and delivered:

1. A Mortgage, Assignment of Leases and Security Agreement, dated February 21, 1989 and recorded February 27, 1989 with the Recorder of Deeds of Cook County, Illinois, as document Number 89087204 wherein Mortgagor mortgaged the Real Estate to Lender.

2. An Assignment of Lease, Rents and Profits dated February 21, 1989 and recorded February 27, 1989 with the Recorder of Deeds of Cook County, Illinois,

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BOX 333-CTI

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as Document Number 89087205, wherein Mortgagor assigned to Lender the rents and income from the Real Estate.

3. A Continuing Guaranty dated February 21, 1989 wherein Guarantor guaranteed the payment of the Note.

4. A Security Agreement and Assignment Interest in Land Trust wherein Beneficiary collaterally assigned to Lender its beneficial interest in Mortgagor.

D. Any and all extensions, modifications, renewals or principal increases made to the Note made from time to time by Borrower, Mortgagor and Lender.

E. Lender has provided additional financing and advanced additional principal funds to Borrower increasing the total amount of the indebtedness secured by the Mortgage to \$200,000.00.

F. The Note is a Master Revolving Note in the amount of \$200,000.00.

WHEREFORE, Borrower, Mortgagor and Lender hereby agree to the following:

1. Amend the maturity date of the Note to: payable upon demand or if no demand is made, payable on March 15, 1998. To evidence the new maturity date of the Note, Borrower shall deliver to Lender at the execution and delivery of this Agreement a Promissory Note (which is hereby incorporated by reference and attached hereto as Exhibit "B") dated as of the date hereof (the "Amended Note"), payable to the order of Lender in the principal amount of Two Hundred Thousand and No/100 Dollars (\$200,000.00) at the interest rate of Prime plus 1.50% floating, requiring monthly payments of interest only.

2. Except as modified in Paragraph 1 above and the Restated Note, all other terms and conditions and all other Loan Documents remain in full force and effect.

3. Guarantor, unconditionally reaffirms his guaranties of the obligation of Borrower and Mortgagor to Lender under the provisions of the Restated Note and Loan Documents.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered on May 9, 1997.

LaSalle Bank Illinois, successor to
Comerica Bank-Illinois, successor
in interest by merger to Affiliated
Bank, formerly known as Affiliated
Bank/North Shore National

By: Ross A. G. Mart

This instrument is executed by the undersigned Land Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and not personally. No personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

American National Bank and Trust Company
of Chicago, successor Trustee to First
Chicago Trust Company of Illinois, formerly
known as First United Trust Company, as
Trustee, under Trust Agreement dated
February 13, 1989 and known as trust
Number 70280

By: Tracy A. Dunning
ASSISTANT VICE PRESIDENT

Attest: _____

Attestation not required by American National Bank
and Trust Company of Chicago by laws.

Liberty Fastener Company, an Illinois Corporation

By: Lawrence Scharringhausen

Lawrence Scharringhausen, President

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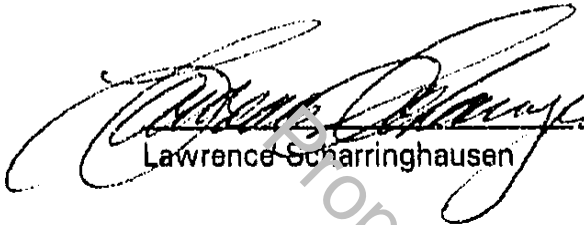
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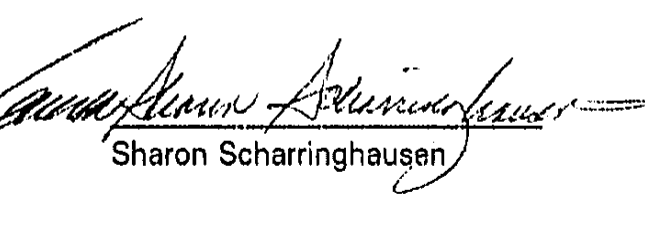
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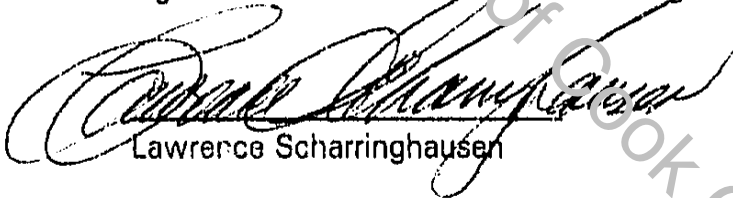
Acknowledgement by Beneficiary

The undersigned hereby acknowledges and consents to the within Modification Agreement.


Lawrence Scharringhausen


Sharon Scharringhausen

The undersigned hereby acknowledges and consents to the within Modification Agreement and reaffirms his Continuing Guaranty dated February 21, 1989.


Lawrence Scharringhausen


STATE OF ILLINOIS

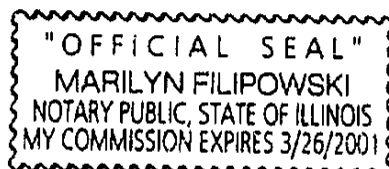
SS

COUNTY OF COOK

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that ROSS A. MARTIN, P.O. President, of LaSalle Bank Illinois, successor to Comerica Bank-Illinois, successor in interest by merger to Affiliated Bank, formerly known as Affiliated Bank/North Shore National, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act as the free and voluntary act of said institution, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 1997.


Notary Public



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STATE OF ILLINOIS

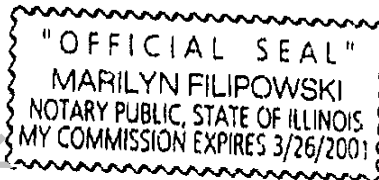
SS

COUNTY OF COOK

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that Lawrence Scharringhausen, President of Liberty Fastener Company, an Illinois Corporation personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act of the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 1997.

Marilyn Filipowski
Notary Public



STATE OF ILLINOIS

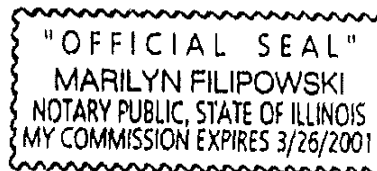
SS

COUNTY OF COOK

I, the undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify, that Lawrence Scharringhausen personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 1997.

Marilyn Filipowski
Notary Public



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STATE OF ILLINOIS)
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the state aforesaid, do hereby certify that Dorothy A. Denning an officer of American National Bank and Trust Company of Chicago personally known to me to be the same person whose names is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that said officer said of said association signed and delivered this instrument as a free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and seal this 13th day of June.

Joan M. Meikel
NOTARY PUBLIC



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Notary Public's Office

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STATE OF ILLINOIS

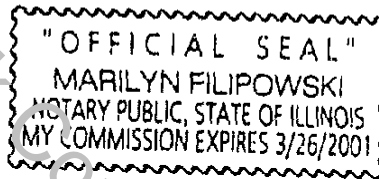
COUNTY OF COOK

SS

I, the undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify, that Lawrence Scharringhausen and Sharon Scharringhausen personally known to me to be the same person whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 9th day of May, 1997.

Marilyn Filipowski
Notary Public



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EXHIBIT "A"

LEGAL DESCRIPTION

LOTS 1, 2, 3, 4, 5, 6 AND 7 IN THE SUBDIVISION OF BLOCK 3, IN B.B. WILEY'S SUBDIVISION OF BLOCK 8 IN CLIFFORD'S ADDITION TO CHICAGO, IN SECTION 1, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 2950 W. CHICAGO AVENUE
CHICAGO, ILLINOIS 60622

PIN: 16-01-323-001
16-01-323-002

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Exhibit B PROMISSORY NOTE OFFICIAL COPY

Borrower: LIBERTY FASTENER COMPANY (TIN: 363365885)
2950 W. Chicago Ave.
Chicago, IL 60622

Lender: LASALLE BANK ILLINOIS
4747 W. Dempster St.
Skokie, IL 60076

Principal Amount: \$200,000.00

Initial Rate: 10.000%

Date of Note: May 9, 1997

PROMISE TO PAY. LIBERTY FASTENER COMPANY ("Borrower") promises to pay to LASALLE BANK ILLINOIS ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Thousand & 00/100 Dollars (\$200,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan on demand, or if no demand is made, in one payment of all outstanding principal plus all accrued unpaid interest on April 15, 1998. In addition, Borrower will pay regular monthly payments of accrued unpaid interest beginning June 9, 1997, and all subsequent interest payments are due on the same day of each month after that. Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is Lender's Prime Rate (the "Index"). This is the rate Lender charges, or would charge, on 90-day unsecured loans to the most creditworthy corporate customers. This rate may or may not be the lowest rate available from Lender at any given time. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each day or days that said Prime Rate is changed by Lender. The Index currently is 8.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.500 percentage points over the Index, resulting in an initial rate of 10.000% per annum. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the Related Documents. (d) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (e) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (f) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. (g) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (h) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired. (i) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 4.500 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of Illinois. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Cook County, the State of Illinois. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. This Note shall be governed by and construed in accordance with the laws of the State of Illinois.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

COLLATERAL. This Note is secured by real estate located at 2950 W. Chicago Ave., Chicago, Illinois and general business assets, including, but not limited to inventory, accounts, and equipment as evidenced by a security agreement dated May 9, 1997.

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or by an authorized person. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: Lawrence Scharringhausen, President. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (e) Lender in good faith deems itself insecure under this Note or any other agreement between Lender and Borrower.

AFFILIATED GROUP OF BANKS. The words "Affiliated Group of Banks" means LaSalle National Corporation and its affiliates.

RIGHT OF SETOFF. Borrower grants to Lender and its Affiliated Group of Banks a contractual possessory security interest in, and hereby assigns,

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PROMISSORY NOTE

Page 2

Loan No 53511665740

(Continued)

conveys, delivers, pledges, and transfers to Lender and its Affiliated Group of Banks all Borrower's right, title and interest in and to, Borrower's accounts with Lender and its Affiliated Group of Banks (whether checking, savings or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender and its Affiliated Group of Banks, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

LIBERTY FASTENER COMPANY

By: _____

Lawrence ScharrInghausen, President

Variable Rate, Line of Credit.

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